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Financing of the United Nations Observer Mission in Georgia

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Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on the financial performance of the United Nations Observer Mission in Georgia (UNOMIG) for the period from 1 July 1997 to 30 June 1998 (A/53/821) and the proposed budget for the maintenance of UNOMIG for the period from 1 July 1999 to 30 June 2000 (A/53/844). During its consideration of the reports, the Committee met with representatives of the Secretary-General, who provided additional information.

Financial performance report for the period from 1 July 1997 to 30 June 1998

2. The General Assembly, in its resolution 51/236 of 13 June 1997, appropriated an amount of $18,580,500 gross ($17,582,100 net) for UNOMIG for the period from 1 July 1997 to 30 June 1998, inclusive of $765,300 for the support account for peacekeeping operations. Furthermore, as indicated in paragraph 5 of the financial performance report (A/53/821), in order to improve the safety of Mission personnel and create conditions for the effective performance of its mandate, in a letter from its Chairman dated 11 December 1997, the Committee concurred with the request for commitment authority in an amount of $1,653,600 to cover the acquisition and operating costs of 15 armoured vehicles and one ambulance.

3. The Committee notes from paragraph 8 of the report that the Mission continued to operate in a very unstable security environment. Many incidents, as highlighted in the reports of the Secretary-General to the Security Council (see S/1998/375, S/1998/497 and S/1998/647), have had negative effects on the ability of UNOMIG to carry out its mandate. Patrolling was stopped for a period, team bases were closed and the rotation of military observers was suspended. Subsequently, steps were taken to strengthen security, introducing patrols in pairs and escort by armoured vehicles.

4. Expenditures for the period totalled $18,870,700 gross ($18,067,300 net), excluding budgeted voluntary contributions in kind in the amount of $2,057,600, resulting in an overexpenditure of $290,200 gross ($485,200 net). The Committee was provided, upon request, with an explanation as to why the net amount is higher than the gross amount in the report (see the annex to the present report). As shown in annex I to the report, overexpenditures were incurred mainly under premises/accommodations, transport operations, other equipment, air and surface freight and the Mission's share of the maintenance costs for the United Nations Logistics Base at Brindisi, partially covered by underexpenditures under military observers and contingents, international and

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local staff salaries, infrastructure repairs, air operations, communications, supplies and services and public information programmes. The Committee was provided with a detailed breakdown of the various expenditure categories contained in annex I of the report.

5. The Committee notes from the additional information provided that the overexpenditure under transport operations of $1,565,400 resulted from the purchase of 15 armoured vehicles ($1,430,900) not foreseen at the time of the budget preparation (see para. 2 above), higher costs for workshop equipment ($8,000), spare parts, repairs and maintenance ($168,200) and vehicle insurance ($3,000), partially offset by lower costs in rental of vehicles ($2,400) charged to miscellaneous services and savings in petrol, oil and lubricants ($42,300) owing to the suspension of patrols.

6. In paragraph 14 of the report the action to be taken by the General Assembly in connection with the financing of UNOMIG is set out. For the period from 1 July 1997 to 30 June 1998, the Committee recommends that the overexpenditure of $290,200 gross ($485,200 net) be appropriated. However, the Committee sees no need for additional assessment at this stage as it expects that the requirement should be absorbed within the resources approved for appropriation and assessment by the General Assembly in its resolution 52/242 of 26 June 1998 for the maintenance of the Mission for the 12-month period from 1 July 1998 to 30 June 1999.

7. As regards reimbursement for contingent-owned equipment, the Committee was informed that, as at 31 December 1998, the estimated amount owed was $282,610, and unliquidated obligations for contingent-owned equipment amounted to $120,100. For death and disability compensation, two claims paid amounted to $52,754, and unliquidated obligations for four pending claims amounted to $141,379. As indicated in paragraph 15 of the proposed budget report (A/53/844), the contributing Government has indicated its intentions to remain under the old methodology for reimbursement of contingent-owned equipment.

8. As at 31 December 1998, the cash position of UNOMIG amounted to $2.5 million and there was a current loan from the United Nations Mission in Haiti (UNMIH) of $2 million. Assessments amounted to $77.2 million, payments received totalled $68.8 million and amounts outstanding were at $8.4 million. Total unliquidated obligations for the period from 1 July 1997 to 30 June 1998 were $3.1 million as at 31 December 1998. The Committee was informed that since the cash resources in the UNOMIG Special Account have been exhausted due to unpaid assessments, it was necessary to borrow $2 million from UNMIH, a completed Mission, to meet the current operating costs of UNOMIG. The loan will be repaid as soon as sufficient payments of assessed contributions are received.

Cost estimates for the period from 1 July 1999 to 30 June 2000

9. As indicated in the proposed budget report of the Secretary-General of 25 February 1999 (A/53/844, paras. 1 and 2 and annex I), the cost estimates proposed for the maintenance of UNOMIG for the period from 1 July 1999 to 30 June 2000 amount to $29,156,400 gross ($27,661,200 net). The estimated requirements increased in the amount of $10,707,000 gross ($10,198,500 net) as compared with requirements of $18,449,400 gross ($17,462,700 net) for the current period from 1 July 1998 to 30 June 1999. No provision for budgeted voluntary contributions in kind is shown for the period from 1 July 1999 to 30 June 2000, as compared to budgeted voluntary contributions in kind estimated at $1,147,000 for the previous period; the aircraft that had been provided by a Government to the Mission as a budgeted voluntary contribution in kind was withdrawn, effective 31 December 1998.

10. The military personnel cost of $5,220,100 includes provision for 135 military observers. Civilian personnel costs amount to $12,526,300 for staffing requirements of 228 posts. These include an authorized civilian staff of 157 (62 international and 95 local) and a proposed increase of 71 posts in the civilian component of the Mission (27 international and 44 local), including the upgrading of one P-5 level post to the D-1 level (A/53/844, paras. 7 and 20). The Committee notes that Professional and Field Service staff salaries have been adjusted to take into account non-entitlement to post adjustment for 25 per cent of the staff who are classified as mission appointees (A/53/844, annex I.C, para. 5).

11. As indicated in paragraph 29 of the report, in a letter from its Chairman, dated 11 December 1998, the Committee concurred with the request to enter into commitments in the amount of $1,534,400 for additional security personnel and related logistics requirements, effective 1 January 1999. Accordingly, UNOMIG was provided with 17 international security personnel, together with 37 locally recruited security personnel under general temporary assistance. These posts are incorporated in the UNOMIG staffing proposal for the period from 1 July 1999 to 30 June 2000.

12. Provision for the operational costs of the Mission amount to $9,844,200, or a 44.9 per cent increase compared with the apportionment of $6,792,600 for the previous period (A/53/844, annex I.A). These include estimated costs for

premises/accommodation of $1,420,600 as compared with $621,400 in the previous period. As shown in annex II.A (item 13), the overall increase reflects relocation of the administrative headquarters, the establishment of a logistics base and rental of new office space in various locations.

13. As shown in annex I.A to the report, other provisions under operational costs showing large per cent increases for the period from 1 July 1999 to 30 June 2000, as compared to the apportionments for the previous period, include $405,300 for infrastructure repairs (1,251 per cent higher), $2,994,200 for transport operations (108.6 per cent higher), $2,990,200 for air operations (47.9 per cent higher), $822,000 for communications (63.2 per cent higher) and $329,600 for air and surface freight (219.4 per cent higher).

14. Resources for infrastructure repairs are requested to repair patrol routes used routinely by the Mission, minimizing the risks from landmines, which are frequently concealed inside potholes. Resources for transport operations provide for replacement of 53 vehicles, including 13 armoured vehicles. At present, the Mission has only one helicopter and demand for its use far exceeds its capacity to provide required services, such as emergency evacuation, patrolling and administrative support. UNOMIG's air operations will be strengthened by the provision of two helicopters. In addition, provision under air operations includes resources to replace a fixed-wing aircraft. The requirements under communications include 40 global positioning systems for vehicles, necessitated by the existing security conditions in the mission area (A/53844, paras. 8–12 and annex II.C).

15. The Committee notes from paragraph 13 of the report that UNOMIG would establish an Engineering Section, relying on locally recruited staff to carry out renovation projects and maintenance services and repairs, as no international contractors are willing to come into the mission area due to the security situation.

16. With regard to the action to be taken by the General Assembly at its fifty-third session, the Committee agrees with the proposal of the Secretary-General, as indicated in paragraph 41 of his report, and recommends the appropriation of the amount of $29,156,400 gross ($27,661,200 net) for the 12-month period from 1 July 1999 to 30 June 2000 and the assessment of this amount at the monthly rate of $2,429,700 gross ($2,305,100 net) should the Security Council decide to continue the mandate of the Mission beyond 31 July 1999.

Annex

Why the net amount is higher than the gross amount in the performance report

Most performance reports reflect an unencumbered balance due to the fact that expenditures are less than the appropriation provided by the General Assembly. In this case, and if expenditures for staff assessment are also less than the amount appropriated, the gross unencumbered balance will be higher than the net unencumbered balance. Savings arising from lower expenditures for staff assessment result in reduced income from staff assessment. The addition of the gross unencumbered balance and the income from staff assessment variance amount results in the [lower] net unencumbered balance.

With respect to the current UNOMIG performance report, total expenditures were higher than the appropriation, resulting in an overrun rather than an unencumbered balance. However, there was no overrun incurred for staff assessment. In this case, when the income from staff assessment variance is added to the gross overrun, the resulting net overrun is higher than the gross overrun.

Simply stated, when there is an unencumbered balance, the addition of a positive amount (the gross unencumbered balance) and a negative amount (the income from staff assessment variance), the result will be a lower net unencumbered balance. When there is an overrun, the addition of two negative amounts (the gross overrun and the income from staff assessment variance), the result will be a higher net overrun.

For comparison purposes, gross and net variances for the period from 1 July 1996 to 30 June 1997 and from 1 July 1997 to 30 June 1998 are shown in the table below.

United Nations Observer Mission in Georgia performance reports

(United States dollars)

	1996/97			*1997/98*		
	Gross	*Net*	*Variance*	*Gross*	*Net*	*Variance*
Appropriation	17 089 600	16 023 400	1 066 200	18 580 500	17 582 100	998 400
Expenditure	15 937 000	15 141 400	795 600	18 870 700	18 067 300	803 400
Variance	1 152 600	882 000	270 600	(290 200)	(485 200)	195 000

	Staff assessment	*Income from staff assessment*	*Staff assessment*	*Income from staff assessment*
Appropriation	1 066 200	(1 066 200)	998 400	(998 400)
Expenditure	795 600	(795 600)	803 400	(803 400)
Variance	270 600	(270 600)	195 000	(195 000)

1 July 1996 to 30 June 1997

Gross unencumbered balance	1 152 600
Income from staff assessment variance	(270 600)
Net unencumbered balance	882 000

1 July 1997 to 30 June 1998

Gross overrun	(290 200)
Income from staff assessment variance	(195 000)
Net overrun	(485 200)